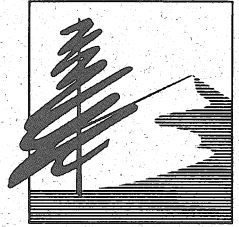


Center for Natural Lands Management

A non-profit organization for the protection and management of natural resources

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December 15, 2006

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RE: Carlsbad Oaks North Habitat Conservation Area 2006 Annual Report (S034)

Dear Sirs:

The Carlsbad Oaks North Conservation Area (CON) is located in the east central portion of Carlsbad, northeast of the intersection of El Camino Real and Palomar Airport Roads (Figures 1 and 2). The Center for Natural Lands Management Center (Center) manages 108.4 acres (of a total of 326 acres) pursuant to a conservation easement (CE) on lands owned by the County of San Diego. Management of the remaining acreage, which we will hold in fee, will commence by the end of 2006 or early 2007. The Center received the CE and necessary funds in May and June of 2006. Although the CE was recorded in November of 2005, we were not made aware that it was recorded by the City of Carlsbad until May of 2006. All properties are being dedicated to the Center by Techbilt Construction, the developer of the Carlsbad Oaks North Business Park.

As part of our management requirements for CON, the Center will report annually its management activities to the United States Fish and Wildlife Service (USFWS), the California Department of Fish and Game (CDFG), and the City of Carlsbad. The

Center's 2006 fiscal year is from October 1, 2005 to September 30, 2006. This letter represents the first year annual report for CON which includes management activities conducted from May through September 2006.

Only basic on-site activities occurred during the 2005-2006 fiscal year because the Center has not received fee title to the property and because the on-site projects (El Fuerte and Faraday extensions and the CON business park) have not been completed. Accessing the site was difficult and, at times, dangerous. Even though access was difficult, the Center did manage to complete several field and report related tasks.

During the 2006 fiscal year, we visited the site several times each month. During each site visit we conducted patrolling activities and took notes and pictures. We established photo viewpoints for both the CE and fee portions of CON. A CE binder was prepared that includes the baseline property conditions for the CE including photographs. Lastly, several surveys for sensitive plants were conducted, including surveys for thread-leaved brodiaea (*Brodiaea filifolia*) and San Diego thornmint (*Acanthomintha ilicifolia*). Both species were located with Geographic Positioning Systems (GPS) and individuals were counted and noted.

The Center is also in the process of coordinating with the USFWS on the establishment of critical habitat and preparation of a USFWS recovery plan and management plan for San Diego thornmint. San Diego thornmint occurs on the CE portion of CON. One on-site meeting/field survey occurred to assess the on-site San Diego thornmint population and several office meetings between the Center and USFWS staff occurred during the fiscal year.

Tierra Data, Inc (through a contract with Techbilt Construction) prepared a 5-year Management Plan (Plan) for CON that outlines the basic goals that we have in managing this site. The Plan will be submitted to the wildlife agencies and the City of Carlsbad at the same time that this report is being submitted. The Center will also be submitting an annual work plan that will outline and discuss the proposed CON activities for the next fiscal year (2006-2007).

Please contact us if you have any question or comments.

Sincerely,

Markus Spiegelberg
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619.295.4953

Jessica Vinje
Preserve Manager
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Preserve Management Plan 2005

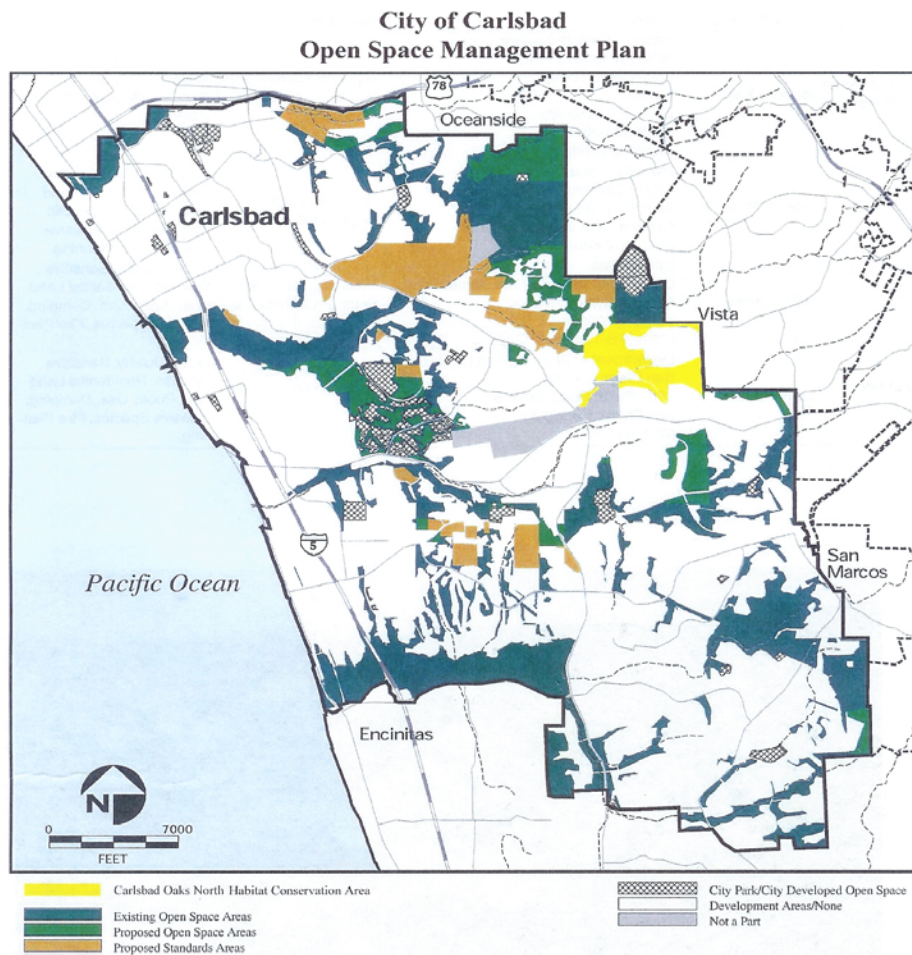


Figure 1 The Carlsbad Oaks North HCA as a component of the City of Carlsbad's open space Habitat Conservation Plan. Map adapted from TAIC (2004).

Parcels Contributing to the Carlsbad Oaks North Habitat Conservation Area

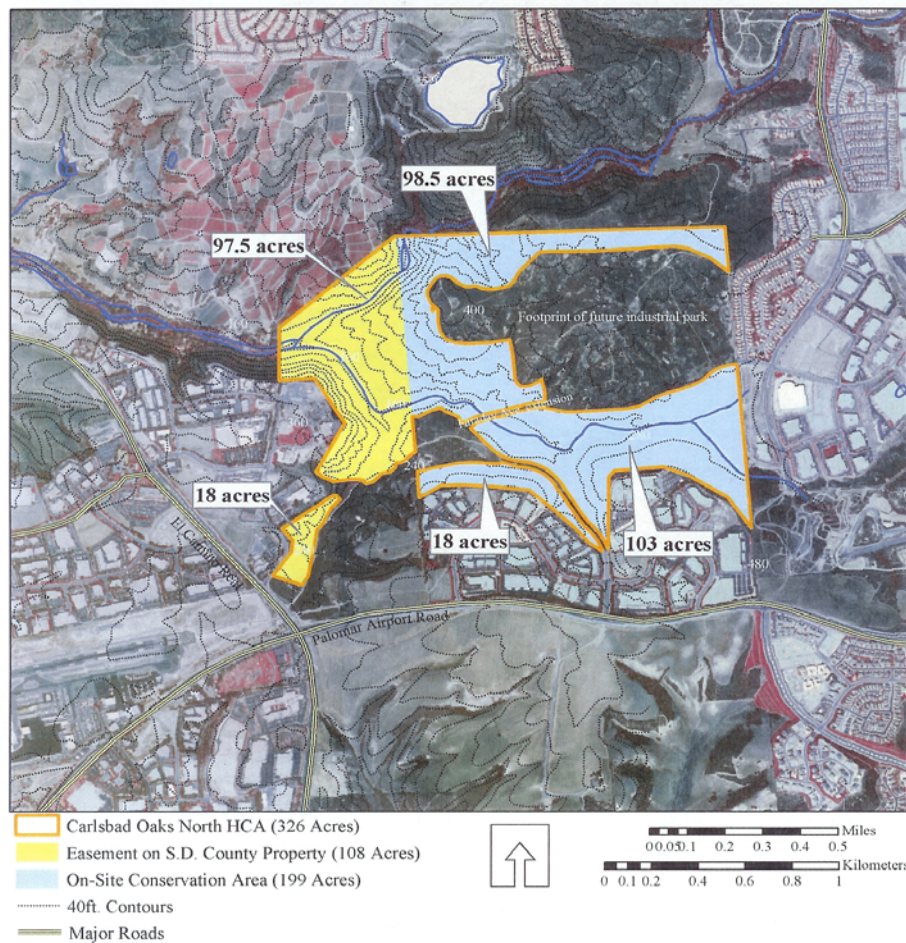


Figure 2. Parcels contributing to Carlsbad Oaks North Habitat Conservation Area.